



# **Mutual Learning Programme**

DG Employment, Social Affairs and Inclusion

**Peer Country Comments Paper- Belgium**

## **More of the Same? The Belgian Patchwork of Youth Guarantee Schemes**

**Peer Review on “Youth Guarantee”  
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# 1. Labour market situation in the peer country

*This paper has been prepared for a Peer Review within the framework of the Mutual Learning Programme. It provides information on Belgium's comments on the policy example of the Host Country for the Peer Review. For information on the policy example, please refer to the Host Country Discussion Paper.*

In Belgium, the employment rate of young people (15-24) is low compared to the European average. The main reason is that education is compulsory until the age of 18, while other OECD countries, such as Finland only have compulsory schooling until 16 years. Employment levels display big differences across different skill levels of young people (Table 1). The employment rate of lower educated 15-24 year olds is 13.6% in Belgium compared to the EU-28 average of 25.7% in 2002<sup>1</sup>. For the higher educated, however, the employment rate increases to 72.6% compared to the EU-28 average of 61.7% in 2002. Recent figures indicate a significant decrease in the employment rate of the higher educated. In 2013, the employment rate of this group was 44.2% compared to the EU average of 54.7%.

It should be noted that large unemployment and employment differences can be identified across the three regions (Table 2, Figure 1). The situation is the most precarious in the Brussels Region which has an unemployment rate (15-24 years) of 39.9% in 2013. In the Walloon Region, the unemployment rate amounts to 32.8%. In Flanders, the unemployment rate of 16.6% in 2013 is considerably lower compared to the other regions, but youth unemployment mainly manifests itself in the regional cities, especially among youth.

From a European perspective, the rate of early school leaving in Belgium is high (11.0%). A group that is particularly worrisome is the group of youth that is not in education, employment or training (NEET), 12.3% of young people (15-24 years) declared in the 2012 LFS that they are neither employed nor in education or training (9.2% in Flanders, 15.4% in the Walloon Region, 19.2% in the Brussels Region).

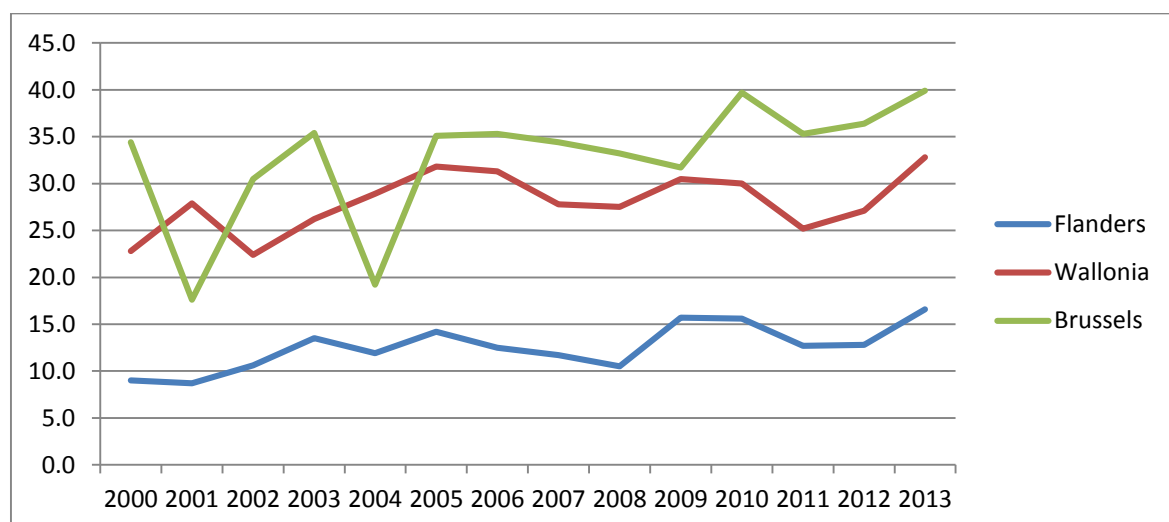


Figure 1: Evolution unemployment rates (15-24 years) across Belgian regions in 2000-2013 (source : Eurostat)

At the heart of the problem of youth unemployment in Belgium lies the difficult labour market entry of young people and the high unemployment of low skilled young people. Some studies point out that the high minimum wage in Belgium may have a harmful impact on the employment of low skilled youth. The cost of employing a twenty year old in Belgium was among the highest in the OECD countries that have a minimum

<sup>1</sup> EU-28 data not available for year 2000.

wage. On the other hand, employment protection legislation, which is among the strictest for high-wage white collar workers in OECD countries, inhibits labour market entry for outsiders, such as the young.

In addition, more than other groups, young people happen to get stuck in part time and temporary work, often involuntary. Especially in times of crisis, when firms have to cut costs and need to touch on the flexible shell of their workforce, we see that youth unemployment is cyclical and thus, particularly sensitive for macro-economic developments. Consequently young people shift more often between periods of employment and unemployment.

Finally, several factors in the field of education can be mentioned. Authors<sup>2</sup> mention the strict separation between school and work, the vertically segmented schooling system with high retention rates and too early tracking, as factors which are contributing to the problem of youth unemployment. Tracking occurs at the beginning of secondary school which is in principle at the age of 12, which is relatively early compared to 16 years in Finland and early from an international perspective overall (median age in OECD countries is 15 years).

Other factors stem from the mismatch between education and the labour market. According to CEDEFOP, Belgium reports one of the higher skill mismatch indexes, which implies that there is a gap between the average proportions of the low-medium and high skilled in the working age population and the corresponding proportions in employment. The figures suggest that in particular for the low-educated the school-work transition is problematic in Belgium. Høj (2013) indicates that in a five year period after graduating, Belgian youth is on average employed for three years. For low educated however, this is only one year out of these five years, which is one of the worst results across OECD countries<sup>3</sup>.

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<sup>2</sup> Cockx, B. (2013). *Youth Unemployment in Belgium: Diagnosis and Key Remedies* (IZA Policy Paper No. 66). Bonn: IZA.

<sup>3</sup> Høj, J. (2013). *Enhancing the inclusiveness of the labour market in Belgium* (Economics Department Working Paper No. 1009). Paris: OECD.

## 2. Assessment of the policy measure

Within the Belgian constitutional context, the regional level is responsible for employment and active labour market policies (regional level) and Education and Youth policies (Community level). The federal policy level is responsible for unemployment benefits, labour law and fiscal policy. The sixth state reform, which is being implemented from July 1<sup>st</sup>, 2014, extended the regional competencies with competencies regarding reduction of social contributions to employers, monitoring of the availability of unemployed people as well as several employment and training schemes.

In line with the heterogeneous labour market and the institutional framework, the Belgian national Youth Guarantee Implementation Plan (YGIP) is structured according to four separate YGIPs (Flanders, Wallonia, Brussels and the German Speaking community). Belgium has negotiated its youth guarantee scheme in spring 2014 which implies that regional governments have only just started with implementing their YGIP. The Brussels Capital Region and the Walloon Region are able to initiate more measures as for these regions more European funding is available because three provinces have a higher than 25% youth unemployment.

Despite regional differences, some common features are highlighted. First, there is a common focus on the PES (Public Employment Service) actions, including their conductor's role<sup>4</sup>. In this context, the Belgian Federation of PESs, Synerjob, acts as the Belgian single point of contact and platform for exchange and common initiatives, in particular vis-à-vis the NEETs. One of the intended actions consists of organizing a common seminar on this topic. Second, partnership approaches are being developed with a number of other partners, including other public policy sectors and non-profit and private actors. Third, early intervention and activation is considered as the main axis to tackle youth unemployment. Common features are: providing and accessing labour market information, preventing early drop out and offering second chance education programmes, and youth targeted counselling. Finally, investments are budgeted to increase the number of traineeships, personalized guidance and intensive training.

Overall, the Belgian YGIP is used to make the PES offer more customized, to mainstream tailor-made guidance processes into the process of early intervention and activation and to introduce the PES' conductor role by fostering multi-sectoral partnerships with all kind of stakeholders at central and local level. In addition, a common effort is underway regarding the identification and integration of the NEETs.

Several working groups amongst partners exist at the regional level. Partnerships often include the Ministries responsible for work, education and youth, local administrations, training and educational institutions, youth councils, etc. Other stakeholders are the employers and the labour unions. At sectoral level, employers cooperate with governments and education providers in so called sector covenants.

Key features differ between the various regions, because regional YGIPs are embedded in already existing policies directed towards youth at the regional level. They contain a long list of measures, from which we take some promising examples.

The Flanders Region is perceived as the most advanced in terms of establishing a Youth Guarantee. The Flanders Youth Guarantee is embedded in the Youth Work Plan (YWP), which is already in place since 2008. This plan was optimized and strengthened in 2013 in order to comply with the orientation of the European framework of the Youth Guarantee. This plan consists of an action oriented and tailored approach for people younger than 25 years who recently became unemployed. The goal is to offer every young person either a job or personal counselling within 4 months after registration. Previously the YWP did not work with a fixed time period of 4 months and focused in particular on the lower educated unemployed. A qualitative offer for a job for young

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<sup>4</sup> European Network of Public Employment Services, PES2020 Strategy Output Paper.

unemployed is ensured by completing the client's profile within 4 months and making sure that their profiles can be automatically matched with job vacancies. With respect to training, young unemployed are brought into contact with training providers and specific programs (through a European Social Fund call) for training on the work floor. Other Flemish initiatives are the 'fitting tailored plus approach' for young people (*sluitend Maatpak Plus voor jongeren*), the work experience projects or work trials (*WIJ: Werkinlevingsprojecten Jongeren*) for school leavers with a large distance to the labour market and preparatory actions for vulnerable young people in the cities. According to the Flemish government, 91.9% of youth enrolled in the VDAB services is achieved 4 months after labeling according to the European objective (qualitative job offer, continued education, training or internship)<sup>5</sup>.

In the Walloon and Brussels Region, the implementation of the youth guarantee has only gradually started this year. Action plans were drawn up recently and both governments have put forward youth unemployment as a key policy priority. To implement the youth guarantee, the Walloon Region foresees a tailored guidance for job seekers in a personalized job support scheme. This also encompasses the provision of information on jobs and traineeships even in other regions or abroad. In addition, access to traineeship, training or an 'occupation test' (*essais métiers*) (bringing young people in direct contact with a profession) is guaranteed<sup>6</sup>. In Brussels, a youth guarantee office is established which brings together expertise of youth-related policies to improve the client services for young jobseekers. The office initially focused on providing federal integration traineeships, but since 2014, the office is also fully committed to provide a solution for each NEET within 6 months of being unemployed/not in education. However, in all three regions, the collection of individual measures do not reflect a coherent and comprehensive strategy.

The federal government supports the Youth Guarantee mainly through the unemployment benefit system by granting professional integration allowances to young school leavers who do not have any work experience and consequently never before contributed to the unemployment benefit system. They can receive these allowances after a certain period (6 to 12 months, dependent on age) if they register with their regional public employment service and by signing their activation contract. This is a strong incentive for young school leavers to automatically register as jobseekers. This institutional context explains why the number of NEETs in Belgium is rather low compared to other countries. The other side of the coin is that - despite legal obligations and the possible drastic consequences (such as the loss of unemployment benefits - the temporary loss of support and guidance...), a large group of job seekers does not answer the calls of the PES. Non-response is a growing problem especially among young and low-skilled job seekers in the cities.

<sup>5</sup> Flemish Government, Flemish Policy Framework 2014

<sup>6</sup> Belgian Government, National Reform Programme 2014

### 3. Assessment of the success factors and transferability

Compared to Finland, a number of observations can be made with regard to the Belgian Youth Guarantee that is being set in place. Although evidence suggests that youth unemployment in Belgium is mainly caused by the lack of appropriate education or basic qualification, the YGIPs mainly focus on the transition from school to work in a curative way, once the school leavers became unemployed. Some attention has been given to prevention strategies such as reducing early school leaving, or adapting the school system, but compared to Finland the Belgian YGIP does not entail any education guarantee. In addition, legal barriers hamper the extent to which public employment services can provide tailored offers to young people younger than 18 years. When students drop out of school before the age of 18 years, they can switch to a system that combines learning and working. This implies however that they are not eligible for the Youth Work Plan in Flanders. Recently the Walloon Region, however, passed the Apprenticeship Act to address this main concern, enabling the region to target students in upper secondary school (approximately 16-18 years). Also in Flanders recently more policy attention has been given to prevention. The Decree Learning and Working, for example, grants young people more opportunities in part-time education. Despite these initiatives, a main concern is the involvement of the education sector.

It may be expected that more homogeneous sets of competences with regard to labour market policy and target group policy will enhance the effectiveness of existing measures in terms of tackling youth unemployment. The implementation of the sixth state reform can be expected to reinforce the implementation of the regional YGIPs. According to the new government agreements, several employment and training schemes, e.g. the industrial apprenticeship scheme, work experience contracts, and the start and work placement bonus (wage subsidies) will bring coherence between employments incentives, activation policies, and training measures targeted to young people. As this major institutional reform is being implemented rather slowly, it may take some time before results become visible. The failure to get started the 10 000 internships that were funded by the federal level, launched as a new measure in 2013, illustrates the importance of the intended policy coherence at regional level.

In Finland, the success of the youth guarantee is in part due to the strengths of the Finnish education system which focus strongly on obtaining qualifications. Comprehensive strategies such as the Education Guarantee do not exist in Belgium. Also, the educational system is less designed to allow young people to make the right educational and professional choices depending on their skills and their interests. We have focused earlier on the problem of early tracking and deficiencies in work-based learning. This potentially undermines sustainable employment in the longer term, and more positive work to work transitions. Also vocational tracks are better developed in Finland, while in Belgium the VET system is organised in a more or less largely school based way and has a detrimental image because of the specific 'cascade system' in Belgian secondary education (negative image of technical and vocational education).

Another point of concern is the strong separation between different policy domains. The difficulties which arise from the mismatch between education and the labour market, reflect partially the lack of an integrated and comprehensive framework for collaboration between education and labour market institutions. Also at the legal level, there is little coherence and the situation can better be described as a patchwork of laws/decrees, agreements and institutions. In contrast to Finland, there is no overall Youth Act framework concerning youth policy and tackling youth unemployment.

Another coordination problem is related to the tensions between the central and the local level. In Belgium, the central level is shifting towards the regions/communities, leaving less room for manoeuvre to the cities. Unlike in Finland, this setting allows less for designing tailor-made comprehensive policy responses, building partnerships at the



local level, and developing youth outreach policies. Furthermore, the holistic and integrated Finnish model of public-private people partnerships may serve as an inspiration for public employment services, which try to involve stakeholders of different policy levels and policy fields – and not to forget young people themselves – in the implementation of the Youth Guarantee. Several working groups have been set up since the start of the program trying to bring together a broad array of stakeholders. This framework is still under development (youth organizations, health). Involving local policy levels may increase the effectiveness of outreach and the youth guarantee trajectories. The Brussels Capital Region recently established a Youth Guarantee office, bringing together expertise around youth matters. Also the city of Antwerp subsidises Youth Competence Centres where young people are counselled and awareness on competencies is acquired.

As in Finland, the Flanders Youth Guarantee plan is not based on separately funded budget lines, but rather embedded in existing policies, increasing chances of mainstreaming and sustained policy in the longer term (whereas the Walloon and Brussels Capital Region are more dependent on additional funds). All implementation plans are subject to performance indicators and follow up, especially in the Walloon and Brussels Region where it is a precondition for receiving European funds. At this time there are no arrangements for scientific evaluation, which would raise problems of lack of hard evidence of what works and how once policy adjustments will have to be made.

A final question arises whether the Belgian authorities have sufficient measures in place to overcome more persistent barriers to enter employment, in particular for vulnerable young people. Some groups suffer from a lack of basic skills, a lack of work attitude, or a lack of sufficiently paid job offers that can endure the competition with taking a job in the underground economy. Another related problem occurs within the public employment services, as the non-response of the young people towards the communication of the Public Employment Service has grown to unprecedented proportions. All these problems call for more advanced social work solutions.

## **4. Questions**

- How to find NEETs who are hard to reach and register them within the PES? Which outreach strategies are set up? What is the impact of these strategies?
- Is there any choice for young people when taking up an offer in the context of the Youth Guarantee? How the mutual obligation principle is reconciled with the Guarantee principle?
- Which features of the Finnish education system ensure a smooth transition from school to work?
- Which organisational arrangements at what level exist to foster access to information for the young? Which support is available to them?
- How to overcome the difficulties in working-learning trajectories and internship arrangements for people younger than 18 years?
- In a decentralized system where the main coordinating role is laid with the municipalities, there is an inherent risk of underperforming locations resulting in unequal offers to the young people. Which policy measures are taken in Finland to cope with this problem?
- How to overcome the lack of jobs for low-skilled young persons?
- How the Youth Guarantee implemented in 2013 makes a difference compared with the previous versions of 2005 and/or 1996?
- What scientific evidence is available on the previous Youth Guarantee schemes implemented in 2005 and/or 1996?

## 5. Annex 1: Summary table

### Labour market situation in the Peer Country

- The employment rate of young people (15-24 years) is low compared to the European average. The main reason is that education is compulsory until the age of 18.
- Employment levels display big differences across different skill levels.
- Large unemployment and employment differences can be identified across the three regions. The situation is the most precarious in the Brussels Region. In Flanders youth unemployment mainly manifests itself in the cities.
- Early school leaving, inappropriate education, high minimum wages, protection of insiders, the prevalence of temporary and temp-agency jobs and the mismatch between education and the labour market are the main factors contributing to youth unemployment in Belgium.

### Assessment of the policy measure

- In line with the heterogeneous labour market and the institutional framework, the Belgian national Youth Guarantee Implementation Plan (YGIP) is structured according to four separate YGIPs (Flanders, Wallonia, Brussels and the German Speaking community). Cross-regional coordination is ensured by Synerjob.
- There is a common focus on the PES (Public Employment Service) actions. The PES at the regional level is in charge of the implementation of the YGIP and takes up the conductor role in which they build structural partnerships with relevant stakeholders.
- Despite regional differences between the different YGIPs, common features are providing and accessing labour market information, preventing early drop out, offering second chance programmes and youth targeted counselling.
- Regional YGIPs are primarily embedded in already existing policies directed towards youth. Flanders is perceived as the most advanced region in terms of establishing a youth guarantee.
- Professional integration allowances to young school leavers who do not have any work experience is a strong incentive for young school leavers to automatically register as jobseekers.

### Assessment of success factors and transferability

- In contrast to Finland there is no overall legal framework concerning youth policy and tackling youth unemployment. The legal situation can better be described as a patchwork of laws/decrees, agreements and institutions. As a consequence, legal barriers hamper the extent to which public employment services can provide tailored offers to young people younger than 18 years.
- The holistic and integrated Finnish model of public-private people partnerships may serve as an inspiration for public employment services, which try to involve stakeholders of different policy levels and policy fields in the implementation of the Youth Guarantee.
- Involving local policy levels may increase the effectiveness of outreach and the youth guarantee trajectories. The Brussels Capital Region recently established a Youth Guarantee office, bringing together expertise around youth matters.

- As in Finland, the Flanders Youth Guarantee plan is not based on separately funded budget lines, but rather embedded in existing policies, increasing effectiveness in the longer term.
- The main concern in the Belgian YGIPs is the involvement of the education sector.

### **Questions**

- How the mutual obligation principle is reconciled with the Guarantee principle?
- Which features of the Finnish education system ensure a smooth transition from school to work?
- Which policy measures are taken in Finland to cope with the problem of unequal access to offers due to varieties in policy and implementation between municipalities?
- How the Youth Guarantee implemented in 2013 makes a difference compared with the previous versions of 2005 and/or 1996?
- What scientific evidence is available on the previous Youth Guarantee schemes implemented in 2005 and/or 1996?

**Table 1:** Employment rate of Belgian youth (15-24 years) compared to EU-28 average according to attained educational level (source: Eurostat)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Less than primary, primary and lower secondary (levels 0-2)</b>														
EU-28	:	:	25,7	25,0	24,6	24,6	24,5	25,0	24,6	22,4	21,2	21,5	20,4	19,7
Belgium	14,3	13,1	13,6	12,0	12,6	13,1	12,5	12,1	12,1	11,9	11,3	12,4	11,6	9,3
<b>Upper secondary and post-secondary non-tertiary (levels 3 and 4)</b>														
EU-28	:	:	47,7	46,9	46,8	46,9	47,9	48,7	49,1	46,1	44,7	44,2	43,4	42,8
Belgium	38,2	37,3	34,6	35,7	35,3	34,7	35,0	34,9	35,9	32,1	32,5	33,2	32,9	32,2
<b>Short-cycle tertiary, bachelor or equivalent, master or equivalent and doctoral or equivalent (levels 5-8)</b>														
EU-28	:	:	61,7	60,7	60,8	60,2	60,2	61,6	61,9	58,0	56,8	55,5	54,5	54,7
Belgium	80,8	71,9	72,6	72,9	71,0	63,7	65,9	66,5	61,3	53,0	53,8	53,1	47,6	44,2

Table 2: Unemployment rate youth (15-24 years) across Belgian regions (source: Eurostat)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Brussels Region	34,4	17,6	30,5	35,4	19,2	35,1	35,3	34,4	33,2	31,7	39,7	35,3	36,4	39,9
Flemish Region	9,0	8,7	10,6	13,5	11,9	14,2	12,5	11,7	10,5	15,7	15,6	12,7	12,8	16,6
Walloon Region	22,8	27,9	22,4	26,2	28,9	31,8	31,3	27,8	27,5	30,5	30,0	25,2	27,1	32,8
Belgium	15,2	15,3	15,7	19,0	17,5	21,5	20,5	18,8	18,0	21,9	22,4	18,7	19,8	23,7

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